

Council of Governors (in Public)

Item 10.2

Subject: Finance Report for the Period Ended 31st January 2023
Date of Meeting: 7th March 2023
Presented by: James Bradley, Deputy Chief Finance Officer
Purpose of Report: To note

BAF Reference	Impact on BAF
BAF 7	The report provides assurance on the Trust financial performance, with a year to date (YTD) surplus that is £1,540K above plan.

Level of assurance (<i>please tick one</i>)				
X	Acceptable assurance Controls are suitably designed, with evidence of them being consistently applied and effective in practice	<input type="checkbox"/>	Partial assurance Controls are still maturing – evidence shows that further action is required to improve their effectiveness	<input type="checkbox"/>
				Low assurance Evidence indicates poor effectiveness of controls

1. Executive Summary

The financial performance for the period ending 31st January 2023 is a surplus of £3,480k against a planned surplus of £1,940k, which is £1,540k above plan.

The financial plan agreed at the start of the year was to achieve a breakeven position. Further funding was made available nationally and increased non-recurrent CIP was required of all providers in the ICS. These adjustments created a revised plan to deliver a surplus of £2,328k.

The summary month 10 position is outlined in the table below and shows the performance with the Hosted Services separately.

M10 LHCH (exclusing Hosted Services)	In Month Plan £'000	In Month Actual £'000	In Month Variance £'000	YTD Plan £'000	YTD Actuals £'000	YTD Variance £'000
Total Income	17,753	18,502	749	174,656	178,021	3,365
Total Pay	(8,150)	(8,131)	19	(82,576)	(82,774)	(197)
Total Non Pay	(8,536)	(8,774)	(238)	(82,021)	(84,447)	(2,426)
Depreciation & Technical	(874)	(755)	119	(8,119)	(7,081)	1,038
Surplus / (Deficit)	194	842	649	1,940	3,720	1,780
Removal Transactions Relating to Donated Assets	0	12	12	0	(239)	(239)
Surplus / (Deficit) on a control total basis	194	855	661	1,940	3,480	1,540

M10 Hosted Services	In Month Plan £'000	In Month Actual £'000	In Month Variance £'000	YTD Plan £'000	YTD Actuals £'000	YTD Variance £'000
Total Income	745	785	39	7,083	6,567	(516)
Total Pay	(543)	(539)	3	(5,471)	(5,207)	264
Total Non Pay	(194)	(237)	(43)	(1,563)	(1,313)	251
Depreciation & Technical	(8)	(8)	0	(48)	(47)	1
Surplus / (Deficit)	(0)	(0)	0	(0)	0	0
Removal Transactions Relating to Donated Assets	0	0	0	0	0	0
Surplus / (Deficit) on a control total basis	(0)	(0)	0	(0)	0	0

M10 Total Trust	In Month Plan £'000	In Month Actual £'000	In Month Variance £'000	YTD Plan £'000	YTD Actuals £'000	YTD Variance £'000
Total Income	18,499	19,287	788	181,740	184,588	2,849
Total Pay	(8,692)	(8,670)	22	(88,048)	(87,981)	67
Total Non Pay	(8,730)	(9,011)	(281)	(83,585)	(85,760)	(2,175)
Depreciation & Technical	(882)	(763)	119	(8,168)	(7,128)	1,039
Surplus / (Deficit)	194	842	649	1,940	3,719	1,780
Removal Transactions Relating to Donated Assets	0	12	12	0	(239)	(239)
Surplus / (Deficit) on a control total basis	194	855	661	1,940	3,480	1,540

Key issues to note in the month 10 position are as follows:

- Elective Recovery Fund (ERF) income from English Commissioners of £3,543k has been assumed in the year-to-date position and aligns to planned levels of income. Welsh commissioners have confirmed payment of in-year ERF, and this has been recognised in January.
- NHSE have confirmed an additional £230k for the increase in lung cancer surgery resulting from the Targeted Lung Health Care programme. This has been recognised in January.
- The Isle of Man and Private Patients income remains on a cost per case arrangement for 22/23. At the end of January, income from the Isle of Man was £831k above planned levels. Private patient income has performed well in recent months, but shortfalls in the first half of the year in Surgery result in a year-to-date adverse variance of £225k.
- Expenditure is above plan due to unachieved CIP, clinical supplies, drugs and utilities costs.
- The Trust has identified 91% of the recurrent CIP target, with the primary focus now shifting to delivery of the schemes identified.
- Depreciation is lower than plan, with the approved capital programme being lower than originally hoped for because of capital funding constraints across the Integrated Care System (ICS). High cash balances and increased interest rates are yielding interest payments which are partially offsetting the expenditure overspends.
- At the end of month 10, capital expenditure was £8,736k, made up primarily by the Cath labs programme, Targeted Lung CT scanners (PDC funded) and various maintenance projects. The Trust is forecasting to spend its capital allocation in year, but there is a risk of slippage against the cath lab programme which is being actively managed.

- Forecast – The Trust is now forecasting a surplus of £4,128k, which is £1,800k better than plan. This improvement has been driven by unplanned for interest payments, and additional income. The Trust has agreed with the ICB that this improvement will also generate additional capital allocation for 2023/24 as an incentive for generating an increased surplus. Although uncertainty remains regarding energy costs, actions are in place to mitigate this and other identified risks.

2. Recommendation

The Council of Governors is asked to NOTE the financial position of the Trust for the period ending 31st January 2023.